

***Interest Rates Applicable for Underpaid California Estate Tax***  
( Pursuant to Revenue and Taxation Code Section 13550 )

<u>Time Period</u>	<u>Interest Rate</u>	<u>Daily Rate*</u>
Before January 1, 1999	12%	.00032876
January 1, 1999 through March 31, 1999	7%	.00019178
April 1, 1999 through March 31, 2000	8%	.00021918
March 31, 2000 through September 30, 2000	9%	.00024590

\*Per \$1.00 of underpayment.

***Interest Computation Method:*** The interest rate shown is applied as a "*simple rate*". Interest is charged only against the balance of tax. See the example shown below that illustrates the computation of additional interest.

Note that the interest rate in effect for periods beginning on or after January 1, 1999, is the rate for underpayment of tax provided in Section 6621(a)(2) of the Internal Revenue Code. The applicable federal interest rate is subject to change quarterly.

***Sample Interest Computation for illustrative purposes only:***

Assume that the billing notice dated March 1, 1999, shows the balance of estate tax owed is \$500, penalty owed is \$25, and the interest owed to the date of notice is \$60. Total balance owed per billing notice would be \$585. If your payment is made on March 21, 1999, the computation of additional interest as of date of payment is as follows:

1. Determine the number of days of additional interest due. In this case, the number of days is 20 (March 1, 1999 - March 21, 1999).
2. Compute the additional interest for the 20 days. Balance of tax owed (\$500) multiplied by the applicable daily rate (.00019178) multiplied by the number of days (20) = \$1.92.
3. Add the additional interest to the balance due per the billing notice to arrive at the total due at the date of payment. \$585.00 plus \$1.92 = \$586.92.

Note that this example assumes only one interest period @ 7% is involved. If more than one interest period and rate is involved, interest must be computed separately for each period and added together to arrive at the correct additional interest.